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NAT LACOUR
EXECUTIVE VICE PRESIDENT

June 13, 2002

The Honorable Richard A. Gephardt
Minority Leader
H-204 Capitol Building
Washington, D.C. 20515

The Honorable John D. Dingell
U. S. House of Representatives
2329 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Pete Stark
U. S. House of Representatives
239 Cannon House Office Building
Washington, D.C. 20515

Dear Representatives Gephardt, Dingell and Stark:

On behalf of the more than one million members of the American Federation of Teachers (AFT), I am writing to offer our strong support for your legislation to provide a much needed and realistic prescription drug benefit within the Medicare system.

A prescription drug benefit within Medicare is needed now. The dramatic increase in the cost and use of essential drugs means that many retirees must spend over 20% of their retirement income to pay for prescriptions, forcing many elderly Americans to choose between eating and taking the medications they need to survive. Second, while many retirees have some private prescription drug insurance coverage, such insurance is becoming unaffordable. Finally, and perhaps most important, 11 million elderly Americans have no prescription drug coverage at all.

The need for legislation is clear. Your bill adopts the right approach to this serious problem by providing a voluntary prescription drug benefit that is within the Medicare system and does not rely on the private insurance market. Private insurers, as we know, can unilaterally change benefits, increase co-payments and even refuse coverage. For this reason, it is imperative that the benefit be part of the Medicare system.

Your legislation also establishes benefits at a realistic cost to retirees by providing an affordable \$25 monthly premium, a 20% co-payment for all prescriptions and catastrophic coverage after \$2,000 in out of pocket expenses. Further, the maintenance of effort provisions included in your legislation will provide an important incentive for employers who already provide their retirees' prescription drug coverage to continue to do so.

Our nation's elderly need your Medicare prescription drug benefit. The AFT is happy to support your legislation and to work toward its enactment.

Sincerely,

Charlotte J. Fraas, Director
Department of Legislation

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House Democratic Medicare Prescription Drug